

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice DCP-89

For: State and County Offices

Final Counter-Cyclical Payment Calculations for Wheat, Barley, and Oats

Approved by: Acting Deputy Administrator, Farm Programs



1 2002 Final Counter-Cyclical Payments

A Background

The Farm Security and Rural Investment Act of 2002 provides for counter-cyclical payments for covered commodities and oilseeds beginning with crop year 2002. DCP regulations were published on October 21, 2002, at 7 CFR Part 1412.

Notice DCP-87 informed counties that final counter-cyclical payments would not be made for wheat, barley, or oats for crop year 2002.

Note: Final counter-cyclical payment rates for corn, grain sorghum, soybeans, upland cotton, rice, and peanuts will be determined after the end of their respective marketing years.

B Purpose

Several State and County Offices have asked how counter-cyclical payment rates are determined. This notice provides a detailed explanation of how counter-cyclical payments are determined.

Disposal Date	Distribution
November 1, 2003	State Offices; State Offices relay to County Offices

Notice DCP-89

2 Calculating 2002 Final Counter-Cyclical Payments for Wheat, Barley, and Oats

A Zero Rate for Wheat, Barley, and Oats

Final 2002 counter-cyclical payment rates for wheat, barley, and oats are zero because their effective prices exceed their respective target prices. The effective price equals the direct payment rate plus the higher of the national average loan rate or the national average farm price. The following table illustrates the calculation for wheat, barley, and oats.

Item	Wheat	Barley	Oats
	Dollars Per Bushel		
Target price	3.86	2.21	1.400
National average loan rate	2.80	1.88	1.350
National average farm price	3.56	2.16	1.810
Higher of loan rate or farm price	3.56	2.16	1.810
Direct payment rate	<u>+0.52</u>	<u>+0.24</u>	<u>+0.024</u>
Effective price	4.08	2.40	1.834
Final Counter-Cyclical Payment Rate	0.00	0.00	0.00

B Advance 2002 Counter-Cyclical Payments for Wheat, Barley, and Oats

The 2002 Act provides for 2 advance counter-cyclical payments, in October 2002 and February 2003, and a final payment after the close of the marketing year. Neither first nor second partial 2002 counter-cyclical payments were made for wheat, barley, or oat producers.

Notice DCP-89

2 **Calculating 2002 Final Counter-Cyclical Payments for Wheat, Barley, and Oats (Continued)**

C National Average Farm Prices

The national average farm prices are calculated from monthly prices weighted by markets for the June through May marketing years, according to the following table.

2002 Crops of Barley, Oats, and Wheat Monthly and Annual Prices and Marketings						
Month	Feed Barley		Oats		Wheat	
	\$ Per Bushel	Marketing Percent	\$ Per Bushel	Marketing Percent	\$ Per Bushel	Marketing Percent
June 2002	\$1.83	6.5%	\$1.95	4.2%	\$2.92	16.3%
Jul	\$1.88	7.1%	\$1.69	24.4%	\$3.21	22.0%
Aug	\$2.05	11.9%	\$1.67	31.5%	\$3.63	13.3%
Sep	\$2.23	18.5%	\$1.80	6.5%	\$4.21	10.5%
Oct	\$2.26	11.5%	\$1.80	3.6%	\$4.38	5.7%
Nov	\$2.32	9.4%	\$1.91	2.3%	\$4.25	4.2%
Dec	\$2.14	11.1%	\$1.95	3.5%	\$4.06	5.9%
Jan 2003	\$2.17	9.9%	\$2.04	6.4%	\$3.89	5.4%
Feb	\$2.20	4.4%	\$2.11	6.7%	\$3.70	3.7%
Mar	\$2.30	4.5%	\$2.08	4.6%	\$3.55	4.0%
Apr	\$2.20	3.2%	\$1.98	3.5%	\$3.37	4.0%
May	\$2.33	2.0%	\$1.95	2.8%	\$3.33	5.0%
Annual	\$2.16	100.0%	\$1.81	100.0%	\$3.56	100.0%

Source: Agricultural Prices: Released June 27, 2003, and July 31, 2003, by the National Agricultural Statistics Service, USDA.